

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. NO.: 2660-01
BILL NO.: HB 1420
SUBJECT: Children's Product Safety Act
TYPE: Original
DATE: March 3, 2000

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
General Revenue	(\$203,805)	(\$163,814)	(\$169,282)
Total Estimated Net Effect on <u>All</u> State Funds	(\$203,805)	(\$163,814)	(\$169,282)

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
Federal	(\$12,435)	(\$17,078)	(\$17,590)
Total Estimated Net Effect on <u>All</u> Federal Funds	(\$12,435)	(\$17,078)	(\$17,590)

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
Local Government	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 6 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Public Safety (DPS)** stated this proposal will require a very labor intensive process for DPS to compile, develop, and maintain a comprehensive list of unsafe children's products.

The DPS states they will require a Program Representative I (\$28,572) and a Clerk Typist II (\$19,452) to implement the requirements of this proposal. The new FTE would require the necessary expense and equipment items as well. Included in the list of expense and equipment items is computer equipment needed to maintain the Internet site and database (\$22,173) and contract labor to program and maintain the Internet site. Costs were charged to the General Revenue Fund.

Oversight assumes the DPS could implement this proposal with one FTE for a Program Representative I and has reduced the fiscal estimate accordingly. In addition, the DPS included a cost for a new vehicle each year of the fiscal note. Oversight assumes the DPS will not require a vehicle to implement the provisions of this legislation and has reduced the costs accordingly.

Officials from the **Department of Health (DOH)** stated in consultation with the Department of Social Services (DOSS) - Division of Family Services, the DOH has confirmed that the DOSS will assume the responsibility for notifying registered child care providers and the DOH will notify the licensed child care providers of the children's product safety act and unsafe children's products. This will require a quarterly mailing of the updated list of unsafe children's products to Licensed Childcare Providers.

The DOH must notify each child care provider of the children's product safety act and unsafe children's products on an ongoing basis using "plain, non-technical language". The DOH may use the DPS comprehensive list of children's products identified as unsafe. The type of language that will be used in the DPS list of unsafe children's products has not been determined. Therefore, it will be necessary for a Health Program Representative II (HPR II at \$33,624) to ensure that the information mailed to childcare providers is in plain, non-technical language.

The DOH will create a link to the DPS Internet site to make information on the children's product safety act and unsafe children's products available on the Internet. There will be no costs to the DOH for this purpose. The proposal requires the DOH to maintain a mailing list and allows providers who are not licensed to be included in the mailing list. The DOH does not believe that a significant number of un-licensed child care providers would request inclusion in the mailing list, therefore, there will be no costs to the DOH for this purpose.

ASSUMPTION (continued)

Even though Section 407.1106, 2 (3) requires the DPS to create, maintain, and update the list of unsafe children's products, the proposal also requires the DOH to update the list of unsafe children's products quarterly. For the DOH to update the list of unsafe children's products quarterly, research will be necessary regarding specific types of children's products and their safety for children's use in licensed child care facilities. This research will be conducted as part of the duties of a HPR II.

The majority of child care providers will not have access to the DPS Internet site. Therefore, it will be necessary for the DOH to mail the quarterly update on unsafe children's products to licensed child care providers. Annual costs to the DOH for mailing this information quarterly to 4,003 licensed child care providers are as follows:

Postage	\$ 3,888
Envelopes	\$ 1,136
Copying Costs	\$ 2,028
Preparation of Mailing (Contracted)	\$ <u>568</u>
Annual Mailing Costs	<u>\$ 7,620</u>

The DOH will make information regarding the children's product safety act and unsafe products available to licensed child care providers. The DOH assumes that it is the responsibility of child care providers to make copies available to persons seeking child care services from them.

The Health Program Representative II will consult with the DOSS regarding notification of licensed childcare providers of the children's safety act and unsafe children's products. This person will conduct research on children's products and determine those that would be unsafe for use in licensed child care facilities and perform other duties related to the list of unsafe products.

The Clerk Typist II (\$19,452) will coordinate with the HPR II for preparation of necessary letters and documents and collect information that will assist the HPR II in updating the list of unsafe children's products quarterly.

Oversight assumes the DOH can implement the requirements of this proposal with a HPR II only, and has adjusted the fiscal estimate accordingly. Oversight has also removed the costs of rent and janitorial/trash/utilities from the fiscal estimate assuming the new person will locate in existing space.

ASSUMPTION (continued)

Officials from the **Office of Secretary of State (SOS)** stated this proposal authorizes the creation of the Children's Product Safety Act. Based on experience with other divisions, the rules, regulations and forms issued by the Department of Health could require as many as approximately 12 pages in the *Code of State Regulations* and require pages to be published in the *Missouri Register*.

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process. Any decisions to raise fees to defray costs would likely be made in subsequent fiscal years.

Officials from the **Department of Social Services - Division of Family Services - Income Maintenance Section (IMS)** assumes that the Department of Health (DOH) will conduct all necessary mailings to licensed child care providers with DFS completing mailings to registered providers. The IMS further assumes the DOH will provide DFS with the list of unsafe children's products and provide updates on a quarterly basis. The DFS caseworker/case manager staff will dispense the necessary information material to new child care providers during the certification process. DFS assumes that the additional mailing expense for new providers each month to be negligible and will not include an itemization of cost for this group.

The DFS stated they would use existing staff to process the quarterly mailings. Mailings to providers will be done quarterly beginning with October 1, 2000 to ensure that providers are afforded ample time to become compliant with the provisions of this proposal, if enacted.

As of December 1999, the DFS had 20,561 registered child care providers. Assuming a postal expense of 55 cents per mailing, cost of envelopes to be 7 cents each, and copying expense of 2 cents each for 5 pages, the fiscal impact would be \$44,412 for FY 01 and \$59,216 for FY 02 and FY 03. This was calculated by multiplying the number of providers (20,561) by the mailing cost of \$0.72 which totals \$14,804 per quarter. There would be 3 mailings in FY 01 and 4 mailings each in FY 02 and FY 03. The costs were split between state and federal funds at a rate of 72% state and 28% federal funds.

Officials from the **Office of Attorney General (AGO)** did not respond to our request for fiscal impact. **Oversight** assumes existing AGO resources could be used to implement any additional responsibilities related to this proposal.

<u>FISCAL IMPACT - State Government</u>	FY 2001 (10 Mo.)	FY 2002	FY 2003
GENERAL REVENUE FUND			
<u>Costs - Department of Public Safety</u>			
Personal Service (1 FTE)	(\$23,810)	(\$30,001)	(\$31,501)
Fringe Benefits	(\$7,322)	(\$9,225)	(\$9,687)
Expense and Equipment	(\$81,389)	(\$16,336)	(\$16,826)
Total <u>Costs</u> - Dept. of Public Safety	<u>(\$112,521)</u>	<u>(\$55,562)</u>	<u>(\$58,014)</u>
<u>Costs - Department of Health</u>			
Personal Service (1 FTE)	(\$28,709)	(\$35,326)	(\$36,209)
Fringe Benefits	(\$8,828)	(\$10,863)	(\$11,134)
Expense and Equipment	(\$21,771)	(\$18,149)	(\$18,693)
Total <u>Costs</u> - Department of Health	<u>(\$59,308)</u>	<u>(\$64,338)</u>	<u>(\$66,036)</u>
<u>Costs - Department of Social Services</u>			
Mailing Costs	(\$31,976)	(\$43,914)	(\$45,232)
ESTIMATED EFFECT ON GENERAL REVENUE FUND	<u>(\$203,805)</u>	<u>(\$163,814)</u>	<u>(\$169,282)</u>
FEDERAL FUNDS			
<u>Costs - Department of Social Services</u>			
Mailing Costs	(\$12,435)	(\$17,078)	(\$17,590)
ESTIMATED EFFECT ON FEDERAL FUNDS	<u>(\$12,435)</u>	<u>(\$17,078)</u>	<u>(\$17,590)</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2001 (10 Mo.)	FY 2002	FY 2003
	\$0	\$0	\$0

FISCAL IMPACT - Small Business

Small businesses operating as child care providers may be required to replace certain items in their businesses that do not conform to the specifications in this proposal. The cost is expected to be minimal for each business.

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DESCRIPTION

This proposal prohibits persons who deal in children's products as defined in the legislation from selling or otherwise placing those products in the stream of commerce after January 1, 2001, if the children's products are unsafe because the federal government has issued a recall or warning or the products do not conform to federal law. Violations of this law are class C misdemeanors and may be enforced by the Attorney General.

The Department of Public Safety must maintain a list of children's products deemed unsafe on its Internet site.

The proposal also prohibits licensed or registered child care providers from using any unsafe children's products after July 1, 2001. The proposal requires the departments of Health and Social Services to notify child care providers of this prohibition and the provisions of the Children's Product Safety Act.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Public Safety
Department of Health
Department of Social Services
Office of Secretary of State

NOT RESPONDING: Office of Attorney General



Jeanne Jarrett, CPA
Director
March 3, 2000